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25X1 Fina	uncial Status of Firms Administered by A/O Avtovel	lo. Autorovive and Fine Mechanics
2	stage. Soviet-controlled firms which have accumt through compensation transactions are refusing to other USIA firms or to the Soviet Oil Administratin debt.(1) Pshemichnikov, director of the Sales A/O Avtovelo Department of USIA, has become increding shortage and has advised the employees of his on all new orders for Avtovelo products. In mid Office paid 75,000 schillings to the Schimmel fit Austro-Fiat account and 33,000 schillings to the Schimmel fit Austro-Fiat account and 33,000 schillings to the advance Kromag the cash required to meet its July and the Leobersdorfer Maschinenfabrik are trying factories from A/O Avtovelo since they have no measuntial items.  In an effort to preserve an appearance of crodit A/O Avtovelo has recently adopted the policy of its Visnna immediately, for orders delivered to fix such bills amounting/3,750,000 schillings have be are trying to settle their accounts with each of records.	alated stocks of mangarian goods of release this merchandise to tion (SMV) which is also neavily a and Purchasing Office of the easingly concerned by this schilles office to require a down payment July the Sales and Purchasing rm, Vienna I, Trattmerhof 2, on the Alpine Montangesellschaft for a lo Department refused however to y payroll. Signens-Schneker A.G. to procure equipment for their ore funds with which to purchase these at the Soviet Military Bank, billing the Soviet Trade Delegation rms under its supervision. To debt, our drawn up. Various USIA Tirms
Garage 3	the Soviet maning industry. Four of these locar Steve Diosel engines and priced at 98,000 schill for shipment to the USSR.  b. Steven Daimler-Puch is working on a doviet of deliver from 8 to 10 of these vehicles per month busses for 3,000 schillings less than the regular	der for the busses and expects to the The Soviets are securing these are purchase price per unit.
	c. The Lephersdorfer teachinenfabrik is deliver covators per month to the Soviets	
CON	s document is hereby regraded to NFIDENTIAL in accordance with the er of 16 October 1978 from the	Document No. No Change In Class Dadiassified Class Change Tq: TS S C
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## USIA Sales of Consumer Goods

4. Proceeding with their plans to flood the Austrian market with consumer merchandise, the Soviets have accumulated enough textiles and foodstuffs to fill both the warehouses which the USIA Food Industry Administration owns in Vienna IV, one on Karlsgasse and the other on Hoyosgasse. (3) USIA sugar seems to be in great demand and the wholesale price was raised on 7 August 1950 from 6.60 to 6.75 schillings per kilo. (4)

## Trade with the Satellites

- 5. The fact that in Austrian track negotiations with the satellite countries the "basic" rate of exchange established in November 1949 is becoming almost fictitious has been borne out in several recent developments. According to Referent Handler, a member of the Polish Trade Delegation in Vienna, the "effective" rate of \$1:21.36 schillings rather than the "basic" rate of \$1:14.40 schillings was used as a clearing relationship in drawing up the recent Austro-Polish trade treaty. (5) It is also reported that all Hungarian government monopolies arranging compensation agreements with Austrian firms are demanding an exchange rate of 30 schillings to the dollar.
- 6. Several transactions of this sort between Hungarian nationalized firms and Austrian customers are currently being negotiated. Veres, representing Magyar Kulforgalmi, Budapest, would like to sell large quantities of textiles, furs and leather in Austria and has asked "Intrac" G.m.b.H. to handle the compensation arrangements, Grigoriev, lirector of USIA's Light Industry Administration, has offered to dispose of this merchandise for Kulforgalmi, but it seems that Veres prefers to deal only with Intrac. "Monimpex", Budapest V, Tukor-utca 4, is still trying to conclude an Igreement with USIA to import Hungarian wines and liquor into Austria. Durin; the past few days, Barhely, a director of this firm, has been in Vienna confering with USIA officials. (6)

A/O Avtovelo continues to Amort foodstuffs and other commodities from Hungary

## Illegal Import-Export Transaction

	for Fritz Durst. (7) This tirm has now requested A/O Avtovelo to provide duty free clearance for the impost of 30 tons of raw linseed oil and certain unspecified chemicals.
25X1	(1)
25X1	(2) Comment: There is no Schimmel firm with offices in Vienna I listed in the 1950 Handels-Jomess or Industrie-Compass or in the 1949 Vienna telephone directory.  Dossibly refer to Schimmel & Co. G.m.b.H., Liesing, Feldgasse 16, (calers in essential oils and essences.
25X1 25X1	(3) Comment: Soveet plans to initiate a large-scale dumping program were reported in
25X1	(4) Comment: An estimated 80 /reent of the customers in these USIA warehouses are hearders and black privateers.
25X1	(5) Comment: The trend of current Austro-Czech currency discussions is further indication of the difficulty of maintaining the Austrian schilling's official external value in trade with the Peoples Democracies.
25X1 25X1	(6) Comment: it was eported that Markowicz, general director of "Monimpex", had been conferring with USIA officials.
25X1	(7)